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UNITED STATES
AND EXCHANGE COMMISSION
Washington, D.C. 20549

VF 3-3-03

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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/02 AND ENDING 12/31/02
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Thomas Securities, LLC

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

5415 Sugarloaf Parkway, Suite 2205

(No. and Street)

Lawrenceville

Georgia

(City)

(State)

(Zip Code)

OFFICIAL-USE ONLY
FIRM ID. NO.

FEB 28 2003

30043

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Thomas Borbone

678-252-1010

(Area Code — Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Rubio CPA, PC

2120 Powers Ferry Road
Suite 350

(Name — if individual, state last, first, middle name)

Atlanta

Georgia

30339

(Address)

(City)

(State)

Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.

PROCESSED

MAR 14 2003

THOMSON
FINANCIAL

FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

MAR 13 2003

OATH OR AFFIRMATION

I, Thomas Borbone, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Thomas Securities, LLC, as of December 31, ~~19~~ 2002 are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Signature

Title

Melissa E. Lail
Notary Public 10-10-05

This report** contains (check all applicable boxes):

- ☒ (a) Facing page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☒ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

THOMAS SECURITIES, LLC
Financial Statements
For the Year Ended
December 31, 2002
With
Independent Auditor's Report

RUBIO CPA, PC

CERTIFIED PUBLIC ACCOUNTANTS

2120 Powers Ferry Road
Suite 350
Atlanta, GA 30339
Office: 770 690-8995
Fax: 770 980-1077

INDEPENDENT AUDITOR'S REPORT

To the Owners
Thomas Securities, LLC

We have audited the accompanying balance sheet of Thomas Securities, LLC, as of December 31, 2002 and the related statements of operations, changes in members' equity, and cash flows for the year then ended that you are filing pursuant to rule 17a-5 under the Securities and Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thomas Securities, LLC, as of December 31, 2002 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the Schedules I, II, III and IV is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

February 4, 2003
Atlanta, Georgia



RUBIO CPA, PC

THOMAS SECURITIES, LLC
BALANCE SHEET
DECEMBER 31, 2002

ASSETS

	<u>2002</u>
Cash and cash equivalents	\$ 2,131
Accounts receivable – clearing broker	48,417
Net property and equipment	54,420
Deposit with clearing broker	124,500
Prepaid expenses	17,749
Other	<u>2,204</u>
Total Assets	<u>\$ 249,421</u>

LIABILITIES AND MEMBERS' EQUITY

LIABILITIES

Bank loan payable	\$ 15,456
Accounts payable	62,647
Accrued and withheld payroll taxes	<u>3,572</u>

Total Liabilities	<u>81,675</u>
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MEMBERS' EQUITY	<u>167,746</u>
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Total liabilities and members' equity	<u>\$ 249,421</u>
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The accompanying notes are an integral part of these financial statements.

THOMAS SECURITIES, LLC
STATEMENT OF OPERATIONS
For the Year Ended December 31, 2002

	<u>2002</u>
REVENUES	
Commissions	<u>\$ 332,078</u>
GENERAL AND ADMINISTRATIVE EXPENSES	
Employee compensation and benefits	177,976
Clearing costs	60,954
Communications	21,126
Occupancy	55,891
Other operating expenses	<u>179,809</u>
	<u>495,756</u>
NET LOSS	<u>\$ 163,678</u>

The accompanying notes are an integral part of these financial statements.

THOMAS SECURITIES, LLC
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2002

	<u>2002</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net (loss)	\$ (163,678)
Noncash items included in net income:	
Depreciation and amortization	12,566
Decrease (increase) in accounts receivable	(36,116)
Increase (decrease) in payables and accrued expenses	21,311
Decrease (increase) in prepaid expenses	<u>(17,872)</u>
NET CASH USED IN OPERATING ACTIVITIES	(183,789)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of property and equipment	<u>8,699</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	(8,699)
CASH FLOW FROM FINANCING ACTIVITIES	
Contributions from owners	190,000
Decrease in deposit with clearing broker	500
(Decrease) in bank loan payable	<u>(9,672)</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	180,828
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(11,660)
CASH AND CASH EQUIVALENTS BALANCE:	
Beginning of year	<u>13,791</u>
End of year	<u>\$ 2,131</u>
SUPPLEMENTAL CASH FOLLOW INFORMATION	
Interest paid	<u>\$ 2,039</u>

The accompanying notes are an integral part of these financial statements.

THOMAS SECURITIES, LLC
STATEMENT OF CHANGES IN MEMBERS' EQUITY
For the Year Ended December 31, 2002

	<u>Paid-In Capital</u>	<u>Retained Earnings (Deficit)</u>	<u>Total</u>
Balance, December 31, 2001	\$ 242,500	\$ (101,076)	\$ 141,424
Net loss		(163,678)	(163,678)
Contributions from owners	<u>190,000</u>	<u> </u>	<u>190,000</u>
Balance, December 31, 2002	<u>\$ 432,500</u>	<u>\$ (264,754)</u>	<u>\$ 167,746</u>

The accompanying notes are an integral part of these financial statements.

THOMAS SECURITIES, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2002

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Description of Business: The Company is a registered broker dealer organized under the laws of the state of Georgia that began business in July 1998. The Company is registered with the Securities and Exchange Commission, the National Association of Securities Dealers and the securities commissions of appropriate states.

Cash and Cash Equivalents: The Company considers all cash and money market instruments with a maturity of ninety days or less to be cash and cash equivalents.

Property and Equipment: Property and equipment are recorded at cost. Depreciation is provided by use of straight-line methods over the estimated useful lives of the respective assets. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the results of operations.

Income Taxes: The Company has elected to be taxed as a partnership. Therefore the income or losses of the Company flow through to its owners and no income taxes are recorded in the accompanying financial statements.

Estimates: Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

Securities Transactions: Customer's securities transactions are reported on a settlement date basis with related commission income and expenses reported on a trade date basis.

THOMAS SECURITIES, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2002

NOTE B — LEASE COMMITMENT

The Company leases its office premises under an operating lease. The Company's commitment under the office premises operating lease is approximately the following:

2003	\$ 50,000
2004	54,000
2005	55,000
2006	57,000
2007	<u>49,000</u>
	<u>\$ 265,000</u>

Rent expense for the year ended December 31, 2002 was approximately \$69,000 and \$67,000, respectively.

NOTE C — NET CAPITAL

The Company, as a registered broker dealer is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2002, the Company had net capital of \$86,393, which was \$36,393 in excess of its required net capital of \$50,000.

NOTE D — CONCENTRATIONS

During 2002, the Company earned approximately 10% of its revenues from a single customer.

NOTE E — OFF BALANCE SHEET RISK

In the normal course of business, the Company's customers execute securities transactions through the Company. These activities may expose the Company to off balance sheet risk in the event the customer or other broker is unable to fulfill its contracted obligations and the Company has to purchase or sell the financial instrument underlying the contract at a loss.

NOTE F — RELATED PARTIES

A related company engaged in fee-based money management clears through the Company. Commission revenues for 2002 were approximately \$15,000.

THOMAS SECURITIES, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2002

NOTE G — NET LOSS

The Company had a substantial loss in 2002 and was dependent upon capital contributions for working capital and net capital. Monthly revenues increased during latter months of year. Management believes that the Company will be able to substantially reduce or eliminate its loss during 2002 because of increased revenues but may still be reliant upon capital contributions, which may be difficult to obtain, for its survival. Management expects the Company to continue as a going concern and the accompanying financial statements have been prepared on a going-concern basis without adjustments for realization in the event that the Company ceases to continue as a going concern.

NOTE H — NOTE PAYABLE TO BANK

The note payable to bank is collateralized by all assets of the Company and is personally guaranteed by the majority member. The note bears interest at 9.5% and is payable in monthly installments of principal and interest of \$976 through May 2004.

SUPPLEMENTAL INFORMATION

SCHEDULE I
THOMAS SECURITIES, LLC

COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1
OF THE SECURITIES AND EXCHANGE COMMISSION ACT OF 1934
AS OF DECEMBER 31, 2002

NET CAPITAL:

Total members' equity	<u>\$ 167,746</u>
Less nonallowable assets:	
Account receivable-clearing broker	6,980
Property and equipment	54,420
Prepaid expenses	17,749
Other assets	<u>2,204</u>
	81,353
Net capital before haircuts	86,393
Less haircuts	<u>-</u>
Net capital	86,393
Minimum net capital required	<u>50,000</u>
Excess net capital	<u>\$ 36,393</u>
Aggregate indebtedness	<u>\$ 81,675</u>
Net capital based on aggregate indebtedness	<u>\$ 5,445</u>
Percentage of aggregate indebtedness to net capital	<u>94.5%</u>

RECONCILIATION WITH COMPANY'S COMPUTATION OF NET CAPITAL INCLUDED
IN PART IIA OF FORM X-17A-5 AS OF DECEMBER 31, 2002

Net capital as reported in Part IIA of Form X-17A-5	\$ 89,552
To reclassify credit balance in non-allowable assets	(3,456)
Audit adjustments:	
To reduce payroll tax liability	1,254
To record interest expense	(1,647)
To record additional accounts payable	(1,496)
To reconcile accounts payable detail to books	1,768
Other	<u>418</u>
Net capital per above	<u>\$ 86,393</u>

THOMAS SECURITIES, LLC

SCHEDULE II
COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS
UNDER RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION
AS OF DECEMBER 31, 2002

The Company is exempt from the provisions of Rule 15c3-3 under the Securities Exchange Act of 1934, in that the Company's activities are limited to those set forth in the conditions for exemption.

SCHEDULE III
INFORMATION RELATING TO THE POSSESSION OR CONTROL REQUIREMENTS
UNDER RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION
AS OF DECEMBER 31, 2002

The Company is exempt from the provisions of Rule 15c3-3 under the Securities Exchange Act of 1934, in that the Company's activities are limited to those set forth in the conditions for exemption.

SCHEDULE IV
STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED
TO CLAIMS AND GENERAL CREDITORS
FOR THE YEAR ENDED DECEMBER 31, 2002

The broker dealer is in compliance with the conditions for exemption.

RUBIO CPA, PC

CERTIFIED PUBLIC ACCOUNTANTS

2120 Powers Ferry Road
Suite 350
Atlanta, GA 30339
Office: 770 690-8995
Fax: 770 980-1077

INDEPENDENT AUDITOR'S REPORT ON INTERNAL ACCOUNTING CONTROL REQUIRED BY RULE 17a-5

To the Owners
Thomas Securities, LLC

In planning and performing our audit of the financial statements of Thomas Securities, LLC, for the year ended December 31, 2002, we considered its internal control structure, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission, we have made a study of the practices and procedures (including test of compliance with such practices and procedures) followed by Thomas Securities, LLC, that we considered relevant to the objective stated in Rule 17a-5(g). We also made a study of the practices and procedures followed by the Company in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and the procedure for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company related to the following: (1) in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13; (2) in complying with the requirements for prompt payment for securities under Section 8 of Regulation T of the Board of Governors of the Federal Reserve System; and (3) in obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by Rule 15c3-3.

The management of the Company is responsible for establishing and maintaining an internal control structure and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the commission's above-mentioned objectives. Two of the objectives of an internal control structure and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control structure or the practices and procedures referred to above, errors or irregularities may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the internal control structure that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2002 to meet the Commission's objectives.

This report is intended solely for the use of management, the Securities and Exchange Commission, the New York Stock Exchange and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers and should not be used for any other purpose.

February 4, 2003
Atlanta, Georgia

A handwritten signature in black ink, appearing to read "Ruben CPA, PC".

RUBIO CPA, PC